

**MINUTES OF THE
ENERGY POLICY TASK FORCE**

Wednesday, May 16, 2001 – 11:00 a.m. – Room 303 State Capitol

Members Present:

Sen. Leonard M. Blackham, Senate Chair
Sen. Mike Dmitrich
Sen. Dan R. Eastman
Sen. Ed P. Mayne
Sen. David H. Steele
Rep. Sheryl L. Allen
Rep. Ralph Becker
Rep. Judy Ann Buffmire
Rep. Kevin S. Garn
Rep. Jack A. Seitz
Rep. David Ure

Members Excused:

Rep. Thomas Hatch, House Chair

Staff Present:

Ms. Chyleen Arbon,
Research Analyst
Ms. Patricia Owen,
Associate General Counsel
Ms. Jennifer Markham,
Legislative Secretary

Note: A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

1. Task Force Business

Chair Blackham called the meeting to order at 11:10 a.m.

The task force scheduled future meetings on June 21, July 19, September 13, October 25, and November 8 at 9:00 a.m. - 12:00 p.m. in Rooms 303 and 305.

2. Transmission Issues in the Western Grid

Ms. Owen, Associate General Counsel, gave a presentation "Transmission, A Brief Overview." She provided task force members with printed copies.

Mr. Michael Coleman, Director, Rates West, Federal Energy Regulatory Commission, outlined FERC's authority and explained Orders 888, 889 and 2000. He explained that FERC does not have generating or transmission siting authority and cannot order expansion of transmission facilities. He stated that FERC has rate authority over wholesale sales by jurisdictional public utilities, transmission electricity, and interstate commerce. He said Order 888 provided the same transmission services to others that the utility had for its own needs. He explained that Order 889 established rules on how transmission providers would provide service. Mr. Coleman indicated that Order 2000 formed a volunteer regional transmission organization (RTO).

Mr. Don Furman, Vice President of Transmission, PacifiCorp, provided an overview of the transmission system in the West. He compared the existing system to an interstate highway

that needed to be expanded. He said that the present system can handle more generation, but not as efficiently as it could if more transmission was built.

Mr. Jim Byrne, Manager, Western Regional Transmission Association, stated that his association reviews the transmission systems market issues. He emphasized the need for a policy allowing lower cost power from one area to be sold to another area during shortages.

Mr. Marshall Empey, Contracts Manager, Utah Associated Municipal Power Systems (UAMPS), defined congestion as any time a load cannot get power. He described commercial congestion as the inability to purchase power supply at the price you want. He projects that several counties in the state will have problems getting through peak periods in the next five years because of a lack of adequate transmission. He stressed that it is difficult for UAMPS to site lines because PacifiCorp is the transmission provider in Utah.

Mr. Mike Peterson, Executive Director, Utah Rural Electric Association, agreed that there are transmission limitations in the state. He said generation cannot be expanded because of the limits on what transmission supports. He said the greatest control over the transmission system is in the planning stages and most of the current transmission was planned 10-15 years ago. He stated that planning and construction is at a stand still due to the uncertainty of deregulation. He suggested the Legislature might assist by encouraging the federal government to streamline or reduce the tariff and urge the current administration to be cautious in expanding federal eminent domain authority.

Ms. Becky Wilson, Technical Consultant, Division of Public Utilities, provided an example of a local utility that performs integrated resource planning by evaluating the growing demands of generation, transmission, demand management opportunities, environmental quality, risk assessment, and objectives to minimize cost to the customers. She said it is important to have regional level planning to identify congestion and proposed projects and that the need now is to address funding and cost recovery. She indicated that the Division of Public Utilities participates in the Committee on Regional Electric Power Cooperation, a group of western states that meets twice a year for the purpose of examining issues of mutual interest; and it was proposed at the recent Western Governors' Association Meeting that this group share information and ideas on a public review process for transmission projects.

3. Interstate Allocation of Costs of New Generation

This item was moved to next month's agenda.

4. Other Items/Adjourn

MOTION: Chair Blackham adjourned the meeting at 1:45 p.m.